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ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

Lauren W. Kingry
Superintendent of Financial InstitutionsDouglas A. Ducey
Governor

October 13, 2015

VALERIE ANNE STRAHL
P.O. BOX 3475
SEDONA, AZ 86340

RE: Complaint No. 3817 – Valerie Anne Strahl, Certified Residential Appraiser No. 21388

Dear Ms. Strahl:

As you know, the Department of Financial Institutions, Real Estate Appraisal Division received a complaint against you for the appraisal you performed on a single family residence located at 240 Racquet Road, Sedona, AZ, with an effective date of value of May 13, 2015.

The above-captioned matter is before the Superintendent of the Department of Financial Institutions ("Superintendent") and the Real Estate Appraisal Division ("Division"). The matter has been reviewed; including the complaint, your response thereto, the appraisal, the supporting workfile, and the Investigative Review.

The Respondent's report was found to have multiple errors that impact the credibility of the appraisal. Comparables 1 and 5 are identified as having solar systems. The Respondent states in the addendum that no adjustment was made for these features because the panels are leased; however, the agents of both properties were contacted and they confirmed that the systems were owned, not leased. An analysis of the contributory value of this feature was warranted. The adjustments for GLA are reported to be applied at \$150/SF; however, the adjustments are applied at varying rates from \$134/Sf to \$155/SF. Comparable 1 is reported to have a 250 SF lower level; however, a review of MLS and assessor records do not reflect a lower level. Additionally, the listing agent was contacted and confirmed that the property does not have a basement. The cost approach reflects a 700 SF area that is valued at \$30/Sf; however, this area is not identified or noted in the sketch and it is unclear what this cost figure represents. The listing prices of Comparable 4 and 5 are transposed and the correction of this error results in significantly different adjusted prices. Comments in the text addendum state that Comparables 1, 2, 3 and 5 are adjusted downward for their 3-car garages, although none of these properties has a 3-car garage. Comments in the text addendum state that Comparable 3 has an affixed BBQ, but that no adjustment was made for this amenity. However, a \$500 adjustment is applied to this sale for its BBQ. Additionally, this comparable has a built-in spa that is not reflected in the sales grid or analyzed. Comments in the text addendum state that Comparables 1 and 3 have solar panels. However, Comparable 3 does not have solar panels and Comparable 5 does have solar panels. The Respondent identifies the subject as a 2-story home, but it is a single story with an unfinished basement. The number of stories identified in the improvement section of the appraisal is based on the above-grade levels. The subject's prior sale is reported, but there is no

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analysis of the transaction and subsequent upgrades. The site value estimate in the cost approach is based on recent land sales in the area. The same \$/Sf figure is used in the sales approach to adjust for differences in site size. It is recognized appraisal methodology to determine the contributory value of additional site area and not upon the full value of the site. Adjustments made to the comparables for fireplaces (\$8,000) appear unreasonable as compared to the adjustment applied for a full bathroom (\$5,000). Exposure time and marketing time are estimated at 1 month to 1 year, not reflecting the purpose of estimating exposure time which is to indicate the length of time a property would have to be exposed to the market at the opinion of market value for it to sell. Exposure time is an integral part of the appraiser's opinion of value and must be properly analyzed and reported. Additional errors were noted in the appraisal that further impact the credibility of the report.

The investigation of the appraisal and workfile revealed that your appraisal development and reporting violate the following standards of the Uniform Standards of Professional Appraisal Practice, the 2014-2015 Edition:

**Standards Rule 1-1(a)(c); Standards Rule 1-2(c); Standards Rule 1-4(a);
Standards Rule 1-5(b); Standards Rule 2-1(a)(b); Standards Rule 2-2(a)(viii) and
ARS 32-3635(A)(B).**

Pursuant to Arizona Administrative Code (A.A.C.) R4-46-301 and Substantive Policy Statement #1, the Division considers these violations to amount to a Level II Violation. In lieu of further proceedings, and pursuant to Arizona Revised Statutes (A.R.S.) §32-3632(B) and A.A.C. R4-46-301(C), the Division is willing to resolve this matter with a letter of due diligence, if you agree to remedy these violations through exercising greater due diligence in the future and if you complete a **fifteen (15) hour Basic Appraisal course, with exam.**

The education may not be used toward your continuing education requirements for renewal during your next licensing period. The required education **may be completed through distance education**. The education must be completed within six (6) months of the date that appears at the top of this letter. Proof of attendance and successful examination results must be provided to the Division within three (3) weeks of completing the coursework.

A letter of due diligence is a disciplinary action and is a matter of public record in your Division file and may be used in any future disciplinary proceedings. By signing below, you acknowledge that you have read and understand this letter of due diligence and have had the opportunity to discuss this letter with an attorney or have waived the opportunity to do so.

You have the right to an informal settlement hearing. If you choose to request an informal settlement hearing, please contact me within 30 days from the date of this letter to arrange the hearing.

By signing this letter of due diligence, you are voluntarily relinquishing your right to an informal hearing, formal hearing, and judicial review in state or federal court with regard to the matter herein.

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Upon signing this letter of due diligence and returning it to the Real Estate Appraisal Division, you may not revoke acceptance of this letter of due diligence. In addition, you may not make any modifications to this letter of due diligence. Any modifications to this letter of due diligence are ineffective and void unless mutually approved by you and the Superintendent of the Department of Financial Institutions.

If any part of this letter of due diligence is later declared void or otherwise unenforceable, the remainder of the letter of due diligence in its entirety shall remain in force and effect.

If you fail to comply with the terms of this letter of due diligence, the Division may properly institute proceedings for noncompliance, which may result in suspension, revocation, or other disciplinary and/or remedial actions. By signing this letter of due diligence you are agreeing that any violation of this letter of due diligence is a violation of A.R.S. § 32-3631(A)(8), which is willfully disregarding or violating any of the provisions of the Division's statutes or the rules of the Division for the administration and enforcement of its statutes.

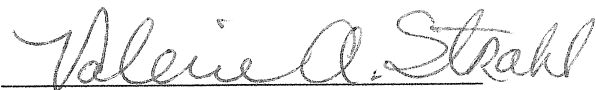
If you agree to accept this letter of due diligence, please execute this document by your signature below. Please return the original signed document to the Division at 2910 N. 44th St., Phoenix, Arizona 85018, on or before November 10, 2015. In the event we have not received this signed document or your request for an informal settlement hearing by that date, the case will be moved to formal hearing.

Sincerely,



Debra Rudd, Manager
Real Estate Appraisal Division

ACKNOWLEDGED AND AGREED



Valerie A. Strahl, Respondent



Date

c: Michael Orcutt
morcutt@lippsonneilson.com